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September 12, 1995

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
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Re: Notice of Proposed Rulemaking, CC Docket No. 95-116

Dear Mr. Caton:

Enclosed are an original and 9 copies of the Comments of Cincinnati Bell Telephone in the above referenced proceeding. Additional copies are also being provided to the Policy and Program Planning Division and International Transcription Services, Inc., as instructed in paragraph 83 of the above document. A duplicate original copy of this letter and attached Comments is also provided. Please date stamp this as acknowledgment of its receipt and return it. Questions regarding these Comments may be directed to Mr. James R. Lowell at the above address or by telephone on (513) 397-7260.

Sincerely,

Peggy A. Peckham
Director - Legislative &
Regulatory Planning

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**Before the
FEDERAL COMMUNICATIONS COMMISSION
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FEDERAL COMMUNICATIONS COMMISSION

In the Matter of

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Telephone Number Portability

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CC Docket No. 95-116

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RM 8535

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COMMENTS OF CINCINNATI BELL TELEPHONE COMPANY

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**Attorneys for Cincinnati Bell
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Dated: September 12, 1995

SUMMARY

CBT supports the development of a uniform, national, long-term number portability solution so long as the consumer benefits exceed the costs of implementation and the costs are borne equitably by all cost causers. CBT submits that the long-term solution should provide for service provider portability and service portability, but that location portability should only be implemented within limited geographic areas, at least initially. CBT believes that any long-term solution should: (1) be developed with the goal of achieving maximum routing efficiency through minimal database queries; (2) provide for timely and accurate call rating so that customers remain well advised of the applicability of toll charges; and (3) make use of flexible time lines for implementation, rather than imposing rigid, unrealistic time frames. Perhaps most importantly, CBT believes that thorough cost benefit analysis and well defined market research must underlie any national solution.

CBT does not support the implementation of an interim number portability solution, be it by the Commission or by the state regulatory commissions of the states in which CBT operates.¹ Instead, CBT encourages the continuation of trial number portability solutions in discrete market areas. With respect to the various call processing options identified by the Commission, CBT supports the N-1 approach, which splits the burden of performing database queries between originating local exchange carriers, other local service providers, and interexchange carriers depending on the nature of the call.

Finally, with respect to cost recovery, CBT believes costs should be divided into two categories: (1) those costs associated with the initial implementation of the long-term solution;

¹ CBT primarily operates in four counties in southwestern Ohio, six counties in northern Kentucky, and two counties in southeastern Indiana.

and (2) those costs associated with the ongoing provision of number portability. It is CBT's position that the initial investment costs should be divided equitably among all providers who will benefit from number portability, and that the annual costs should be paid directly by those customers who actually take the service.

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In the Matter of)	
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)	RM 8535

COMMENTS OF CINCINNATI BELL TELEPHONE COMPANY

Cincinnati Bell Telephone Company ("CBT"), an independent, midsize local exchange carrier (LEC), submits these comments in response to the Commission's July 13, 1995 Notice of Proposed Rulemaking ("NPRM") in the above-captioned proceeding.¹ In the NPRM, the Commission tentatively concluded that telephone number portability would benefit consumers and contribute to the development of competition among alternative providers of local telephone and other telecommunications services.² Accordingly, the NPRM seeks comment on a number of issues, including: (1) the costs associated with making telephone numbers portable; (2) whether the Commission should assume a leadership role in developing a national number portability policy; and (3) whether the Commission should adopt rules to ensure the development of number portability and, if so, what those rules should be.

¹ Telephone Number Portability, CC Docket No. 95-116, Notice of Proposed Rulemaking, (FCC 95-284), released July 13, 1995.

² NPRM at para. 7.

I. THE THREE TYPES OF NUMBER PORTABILITY

The NPRM identifies three basic types of number portability: service provider portability, service portability, and location portability.³ In general, "service provider portability" refers to the ability of end users to retain the same telephone number when changing from one service provider to another; "service portability" refers to the ability of end users to retain the same telephone number as they change from one service to another (for example, from POTS to ISDN); and "location portability" refers to the ability of end users to retain the same telephone number when moving from one location to another, either within the area served by the same central office or between areas served by different central offices.⁴ The NPRM seeks comment on the importance to consumers of each type of number portability.

A. Service Provider Portability

Although CBT has conducted no formal studies on this topic, informal discussions with small groups indicate that CBT's customers, particularly business customers, do attach some importance to retaining their telephone numbers. While service provider portability may be important to business customers depending on its incremental cost, CBT submits that it is but one of a number of factors they would consider in deciding whether or not to change service providers. In CBT's view, the dominant considerations are the price differential, if any, and whether the alternative service provider offered an acceptable level of reliable service compared to the incumbent provider.

³ NPRM at para. 13.

⁴ NPRM at para. 13.

One comprehensive study recently placed on the record in this proceeding concludes, among other things, that pricing discounts are more important to businesses than retention of their telephone number.⁵ According to the study, a business resistant to changing service providers would do so when the level of discount reaches 12%, regardless of whether number portability is available. With number portability added to the mix of discounting, and brand and service bundling, only 10% more customers would change service providers. CBT believes these results are consistent with its own informal observations, and supports the conclusions reached in the study.

For residential customers, service provider portability appears to be more a matter of convenience than necessity. Indeed, all customers (residential and business) have grown accustomed to the geographic linkage associated with the present numbering system and expect to incur a number change when they move to a new location. Whether residential customers would be willing to change service providers without service provider portability would seem to depend primarily on the price and service quality offered by alternative providers.

B. Service Portability

CBT believes that service portability is important to many of its customers. Indeed, absence of service portability could have a chilling effect on the movement to more advanced

⁵ *Analysis of Potential Local Access Competition and Interconnection Issues*, Final Report, Constat, Inc. Prepared for Pacific Bell in May, 1995. Submitted in *Ex Parte* of Pacific Telesis and Pacific Bell on August 30, 1995, at pg. 77 (pg. 17 of Final Report).

services. Accordingly, CBT believes service portability should be a part of any carefully-reasoned, long-term number portability solution.

C. Location Portability

As previously noted, location portability refers to the ability of end users to retain the same telephone number when moving from one location to another. The cost and complexity of implementing location portability are almost entirely dependent on the extent of the geographic area in which such portability would be available.

CBT participates in the activities of the United States Telephone Association (USTA) numbering issues committees, the Industry Numbering Committee (INC), and other industry groups. In none of these fora has CBT seen a demonstrated customer need for broad geographic location portability. CBT's customers have indicated that location portability may be of some importance within CBT's service territory. However, as previously noted, most customers have grown accustomed to the geographic numbering limitations present today and simply have not considered the issue. In addition, the present geographic limitations provide customers with a frame of reference for determining whether toll charges will apply to a particular call. As a result, CBT believes demand for regional or nationwide location portability is very limited at the present time and, therefore, may not need to be broadly implemented in the near term. This is especially true when one considers the huge costs that would likely be involved with implementing regional or nationwide location portability, and the customer confusion that could result.

Should the Commission nevertheless find adequate reason to include location portability in its long-term national plan, CBT urges that it be limited to a rate center area

within a particular LATA. With this approach, customers would still have a frame of reference for determining the applicability of toll charges. As experience is gained at this level, expansion to larger areas of coverage may be feasible. Such a limited approach supplemented by, for example, the option of geographic portability through a 500 number would minimize the complex billing arrangements that would be necessary to implement location portability throughout larger geographic areas. It also would lead to a more workable long-term number portability solution by allowing implementation problems to be addressed and resolved at progressively higher levels of cost and complexity. Accordingly, CBT submits that the ability to move to progressively larger areas of geographic portability should be carefully considered before being included in any long-term, national solution.

II. THE FCC'S ROLE

In the NPRM, the Commission tentatively concluded that it should assume a leadership role in developing a national number portability policy due to its impact on interstate communications.⁶ The NPRM seeks comment on the specific nature of this role. CBT agrees with the Commission's tentative conclusion. The Commission clearly has an interest in promoting the nationwide availability of number portability, ensuring that the portability of telephone numbers within the national numbering system is handled efficiently and fairly, and arriving at a uniform, national solution rather than a patchwork of different local solutions.

⁶ NPRM at para. 19.

As the Commission works toward a uniform, national solution, CBT submits that there are several key elements that should be included in any plan. For example, CBT believes that any long-term solution should be developed with the goal of achieving maximum routing efficiency through minimal database queries. In addition, CBT submits that any long-term solution should provide for timely and accurate call rating so that customers remain well advised of the applicability of toll charges. Similarly, CBT believes the Commission should use flexible time lines for implementation, rather than imposing rigid, unrealistic time frames.

III. THE ROLE OF STATE REGULATORY COMMISSIONS

As noted by the Commission, state regulators also have legitimate interests in the development of number portability.⁷ CBT believes the states should continue testing various number portability proposals in discrete market trials, while remaining mindful that all state solutions must ultimately conform with the long-term national policy to be developed by the Commission in this proceeding.

CBT observes that the National Association of Regulatory Utility Commissioners (NARUC) has expressed its desire to take an active role in this proceeding. Like CBT, NARUC encourages the continuation of number portability trials at the state level, and believes the Commission may find the information gathered in these trials to be very helpful in the development of a long-term, national, number portability solution. Indeed, NARUC

⁷ NPRM at para. 32.

has offered to serve as an information clearing house for such empirical information.⁸ CBT urges the Commission to work closely with the appropriate NARUC committees in gathering this essential information to serve as the basic foundation of a national policy. Moreover, in the interest of arriving at the optimal long-term solution, CBT encourages the Commission and NARUC to make maximum use of data from other industry bodies, such as the Industry Numbering Committee (INC), in setting standards and formulating technical recommendations.

IV. INTERIM NUMBER PORTABILITY

CBT is opposed to the imposition of an interim number portability solution, be it by the Commission or by the state regulatory commissions of the states in which CBT operates. The reasons for this are to prevent the arbitrary degradation or loss of advanced services such as Caller ID and SS7 to ported customers, to avoid incurring substantial and temporary implementation costs, and to avoid unnecessary confusion to the bulk of CBT's customers who will have little or no interest in number portability. As an alternative, CBT encourages the continuation of trial number portability solutions in discrete market areas. This approach will yield a broader, more flexible range of individual solutions the better elements of which can be included in the long-term national solution to be adopted by the Commission.

⁸ See *Resolution on the FCC's Notice of Proposed Rulemaking on Number Portability*, NARUC Executive Committee and Committee on Communication, 1995 Summer Meeting in San Francisco, California.

V. CALL PROCESSING OPTIONS

In the NPRM, the Commission discusses three call processing options and seeks comment on which option would best serve the public interest.⁹ The first option identified by the Commission is the "terminating access provider (TAP) scenario." Under the TAP scenario, calls would be routed to the service provider assigned to the NXX code of the dialed number. That provider would then query the database to determine whether to route the call to another provider or complete the call itself.¹⁰ The second option is the "originating service provider (OSP) scenario." Under this scenario, originating carriers would perform the database query and send call routing specifications to subsequent carriers.¹¹ The third option discussed in the NPRM is the "N-1 approach." Under the N-1 approach, the carrier immediately prior to the terminating carrier would perform the database query. For local calls, the originating carrier would be the N-1 carrier; for interLATA calls, the interexchange carrier would be the N-1 carrier.¹²

While each of the options has its drawbacks, CBT submits that the N-1 approach is the best. The N-1 approach recognizes that ultimately, to incorporate limited geographic

⁹ NPRM at para. 47.

¹⁰ NPRM at para. 44.

¹¹ NPRM at para. 45. The Commission notes that a major disadvantage to this approach is that it would require a nationwide flash-cut implementation since all originating carriers would require full knowledge of number portability deployment to specify correct routing.

¹² NPRM at para. 46.

number portability, a database query may be necessary on all originating calls.¹³ This burden is split between originating LECs, other local service providers, and IXC's, which CBT believes is a more equitable approach.

VI. COST RECOVERY ISSUES

A. Implementation Costs

In testimony this year before the Michigan Public Service Commission,¹⁴ Ameritech estimated the cost of implementing number portability in the Chicago LATA to be in the range of \$50 to \$60 million. Similarly, GTE, in a response to the Kentucky Public Service Commission, has estimated the cost at \$20 million per LATA.¹⁵

CBT believes the cost of implementing number portability in the Cincinnati LATA would probably fall somewhere within the range bracketed by the Ameritech and GTE estimates.¹⁶ In any event, CBT concurs that the costs of implementation will indeed be significant and, when extrapolated to a national level, will be enormous. This underscores the need for the Commission to take carefully measured steps, in concert with the state commissions in arriving at a long-term solution that will truly serve the public interest in a cost effective manner.

¹³ If telephone numbers are to be portable nationwide, it is important to note that only the OSP scenario would be viable.

¹⁴ Testimony of T. Appenzeller, Case No. U-10647, 1995.

¹⁵ Response of GTE, Administrative Case No. 355, 1995.

¹⁶ To the extent these estimates include the cost of implementing location portability throughout the LATA, CBT notes that the costs would of course be less if CBT's suggested approach for location portability is adopted.

B. Cost Recovery

The Commission seeks comment on how and from whom costs of designing, building, deploying and operating a database system for number portability should be recovered.¹⁷ The Commission states that number portability appears to offer substantial public interest benefits by providing consumers personal mobility and flexibility in the use of their telecommunications services and, further, would foster competition among service providers.¹⁸

CBT believes it is fundamental that telephone number portability be considered an optional service that customers can elect and pay for in equitable balance with the contributions of competitive providers. In no event should number portability be considered an element of universal service and thereby a candidate for the various state and federal support mechanisms now in existence or as modified or created in the future.

The cost recovery issues include: (1) who will provide the initial investment to implement number portability; and (2) who will pay the annual costs of its provision. CBT's position is that providers who benefit from number portability should provide the necessary investment for implementation,¹⁹ and that the annual costs should be paid directly by those customers who actually take the service. The cost burden must not be placed on all

¹⁷ NPRM at para. 54.

¹⁸ NPRM at para. 4.

¹⁹ Initial investment should be equitably divided among all local service providers, interexchange carriers, cellular providers, and other wireless service providers, since all will benefit from the additional usage that is likely to result due to the availability of number portability.

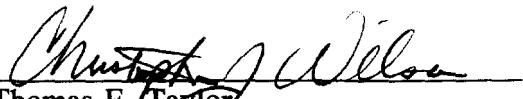
customers, many of whom have no interest in number portability. Subsidies of this sort have no place in a competitive environment.

VII. CONCLUSION

CBT urges the Commission to consider these comments as it works in conjunction with state commissions and various industry groups to arrive at an appropriate, long-term, national number portability policy. CBT further urges the Commission, by employing thorough cost benefit analysis and well defined market research, to ensure that the consumer benefits of number portability exceed the costs of implementation, and that the costs of implementation are borne equitably by all cost causers.

Respectfully submitted,

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Dated: September 12, 1995

CERTIFICATE OF SERVICE

The undersigned hereby certifies that copies of the foregoing **Comments of Cincinnati Bell Telephone Company** have been hand delivered on September 12, 1995 to the persons listed below.



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